**Opening Statement of the Honorable Ed Whitfield**
**Subcommittee on Energy and Power**
**Hearing on "American Energy Security and Innovation: Grid Reliability Challenges in a Shifting Energy Resource Landscape"**
**May 9, 2013**

*(As Prepared for Delivery)*

This hearing is entitled "American Energy Security and Innovation: Grid Reliability Challenges in a Shifting Energy Resource Landscape." Today's discussion builds on earlier hearings that addressed the challenges posed by changes in the nation's electricity generation portfolio.

The proportion of electricity we get from coal, natural gas, nuclear, hydroelectric, and non-hydro renewables has remained relatively constant over the last several decades. However, a shift is occurring and what is alarming is how fast the mix has changed during the past few years. And it is this rapid transition that presents a number of pressing concerns that must be addressed in order to ensure a reliable and affordable electricity supply.

Most significantly, we are seeing a sharp drop in coal use and its replacement with natural gas. Part of this is due to market forces, namely the increased supply and relatively low price of domestic natural gas. But part is also the result of policy decisions made in Washington, particularly EPA's regulatory attack on coal.

Policy decisions are also behind the increase in intermittent renewable resources such as wind and solar power, especially the generous federal tax breaks and subsidies that favor them as well as state-level renewable electricity mandates.

There certainly is room for debate over the merits of these policy decisions and their impacts on electricity consumers and the American economy. I for one strongly oppose EPA's regulatory onslaught and will continue to fight against these anti-coal rules. But the point of this hearing is that these changes to the generation mix are occurring, and it is important that we think through what must be done to ensure that the lights stay on and that electric bills are affordable in the years ahead.

For example, the increased use of natural gas to produce electricity cannot go smoothly unless we have the pipeline capacity to carry it from where it is produced to the many new natural gas-fired power plants that are being built. We will need new natural gas pipelines as well as storage facilities to be constructed. However, we don't have a lot of time to build them given the reliability challenges we face today and we have already witnessed this scenario in areas like New England. And I might add that although Keystone XL is an oil pipeline and not directly relevant to this discussion about electricity, the fact that Keystone XL has been delayed for over four years by this administration is a warning sign that this administration is no friend of building new pipeline infrastructure to transport fossil energy.

In addition, the federal and state policies that have given a boost to wind and solar power could easily backfire if we don't address the difficulties of integrating these intermittent sources into the electric grid. Homeowners and businesses need electricity whether or not the sun is shining or the wind is blowing, and the supply at any moment must match the demand. This is nearly impossible to do with intermittent renewables that are not readily available.

I might also add that the long-term subsidization of certain generation sources, such as wind, can impair reliability and drive up electricity prices. The Wind PTC was extended at the end of last year much to the disappointment of many of us. That extension alone is expected to cost over $12 Billion dollars over the next 10 years. To put that in perspective, $12 billion is more than 10% of the entire $90 billion dollar sequester. In fact, $12 billion is six times more than the cost of the president's own proposal to create a $2 billion dollar Advanced Energy Trust Fund over the next decade. And what will the American taxpayer

receive in return for subsidizing the wind industry for another 10 years? More expensive and less reliable energy.

The electric sector is changing, but one thing that remains constant is that homeowners, small business owners, manufacturers and others still need reliable and affordable electricity. I look forward to learning from our witnesses as to how best to accommodate the changes that are underway.

###